carriers actively marketing wholesale services in the Minneapolis-St. Paul MSA demonstrates that Qwest's competitors have a clear alternative to purchasing UNEs from Qwest. A brief discussion of the wholesale offerings of a sample of these carriers follows.

55.     Comcast offers wholesale services to other carriers in the Minneapolis-St. Paul MSA over its extensive coaxial and fiber network. On its website, Comcast touts the carrier benefits of its network, describing its wholesale offering as a "cost effective transport that can reach into new markets and scale at a moment's notice."[152] Further, in addressing the advantages to other carriers of utilizing its network, Comcast states:

> Comcast's services can be deployed quickly and efficiently with minimal wait and bureaucracy than you are typically confronted with when purchasing services from traditional telephone carriers.[153]

While Comcast's pricing for such loop and transport wholesale services is a proprietary matter of carrier-to-carrier contracts and is not publicly posted, it is clear that Comcast positions its wholesale services as a direct alternative to wholesale network elements available from incumbent telephone service providers such as Qwest.

56.     AT&T also utilizes its fiber network to offer wholesale services to other carriers in the Minneapolis-St. Paul MSA. AT&T states:

> Years of experience serving wholesale customers, targeted investment in our network and technology innovation have positioned AT&T as an

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[152] http://www.comcastcommercial.com/index.php?option=content&task=view&id=33&Itemid=71. See Exhibit 7, Page 1.

[153] *Id.*

industry leader. With AT&T Wholesale's dedicated sales, customer care and global operations teams at your side, you will have the networking expertise to support a full range of voice, video, data and IP services - for you and your customers.[154]

On November 13, 2006, AT&T announced that it had been awarded "best national U.S. wholesale provider" by Capacity Magazine as part of that publication's second annual Global Wholesale Awards.[155] AT&T, which has over ████████ miles of fiber in the Minneapolis-St. Paul MSA,[156] currently offers a full range of wholesale services to other carriers, including local and long distance voice services, data services, internet protocol services, applications services and international services.[157]

57.     Covad operates as a facilities-based, integrated telecommunications service provider with infrastructure located in 2,050 central offices in 235 MSAs across the country, including the Minneapolis-St. Paul MSA.[158] Covad provides a wide range of retail and wholesale services including business and consumer DSL, Frame Relay, T-1 and VoIP services (with other services, such as Bonded T-1 and wireless to be introduced in 2007).[159] In its Third Quarter 2006 presentation to investors, Covad reported that it provides wholesale DSL and Line Powered Voice Access (a VoIP service that requires

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[154] http://www.business.att.com/?segment=whole. See Exhibit 7, Page 2.

[155] http://www.sbc.com/gen/press-room?pid=5097&cdvn=news&newsarticleid=23110. See Exhibit 7, Page 3.

[156] GeoTel fiber route data, October 2006.

[157] http://www.business.att.com/services.jsp?repoid=ProductCategory&segment=whole. See Exhibit 7, Page 4.

[158] Covad Communications Group, Inc.: Third Quarter 2006 Investor Presentation, pages 3 and 5. See Exhibit 7, Page 5.

[159] Id., Page 6.

no special broadband equipment at the customer's location) to carriers serving the consumer and small, "single owner" business markets. In addition, Covad reported that it provides Voice Optimized Access ("VOA"), xDSL, T-1 and Frame Access to carriers serving medium and large enterprise business customers.[160] Regarding its wholesale products, Covad reports that its "unique set of assets will continue to attract strategic partners," including carriers such as Earthlink, AT&T, United Online, XO, Nextlink, Verizon, Sprint, etc.[161] On a consolidated basis (wholesale and retail operations combined), Covad announced 2006 total revenues of $474 million with wholesale service revenues of $275 million. Thus, wholesale revenues represent well over half of Covad's annual revenue stream for the year.[162] Clearly, Covad's strong wholesale facilities-based focus is contributing significantly to its growth nationally and within the Minneapolis-St. Paul MSA.

58.    XO offers wholesale services through its XO Communications Carrier Services division, and asserts that it provides wholesale telecom services to CLECs, Interexchange Carriers, Cable TV providers, wireless service providers and VoIP service providers.[163] Its wholesale product portfolio includes wholesale local voice service, long distance service, IP aggregation, dedicated internet access, private line service, DS-1 aggregation,

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[160] *Id.*, Page 6.

[161] *Id.*, Page 7.

[162] Covad Communications Group, Inc.: Fourth Quarter 2006 Earnings Supplement, pages 3 and 6. See Exhibit 7, Page 17.

[163] http://www.xo.com/products/carrier/. See Exhibit 7, Page 31.

Ethernet services, VoIP services and collocation.[164] XO was one of the first wholesale

carriers to deploy a finished wholesale service ("Wholesale Local Voice" service)

designed to replace UNE-Platform service. In a 2006 press release, XO states:

> Launched in August 2005, XO's wholesale offering for CLECs serving
> the residential and small business markets has rapidly gained momentum
> as a viable alternative to the unbundled network element platform (UNE-
> P) provided by incumbent carriers that were eliminated on March 11,
> 2006. The XO service delivers all the advantages of the UNE-P platform,
> and enables CLECs to avoid less economical choices such as building
> their own network facilities, or paying premium prices through
> commercial agreements or Special Access services from incumbent local
> exchange carriers.[165]

In addition, it is important to note that XO's wholesale business is not limited to services

provided via landline facilities. As discussed earlier in this declaration, XO's broadband

wireless subsidiary, Nextlink, also provides wholesale telecommunications services.

Nextlink offers wireless backhaul, as well as network redundancy and diversity services

to mobile wireless providers and wireline carriers through fixed wireless broadband

technology and over XO's licensed spectrum, which covers 75 metropolitan markets,[166]

including Minneapolis-St. Paul.[167] Nextlink's wholesale broadband wireless services can

be offered in any Qwest wire center in the Minneapolis-St. Paul MSA that is within reach

of a Nextlink broadband wireless transmitter/receiver, since such wireless services are not

constrained by physical wire center boundaries.

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[164] Id.

[165] http://www.xo.com/news/292.html. See Exhibit 7, Page 32.

[166] Current Analysis, Company Assessment of XO Communications, July 2006.

[167] http://www.nextlink.com/spectrum_map.htm. See Exhibit 7, Page 34.

59.     Minneapolis-based Onvoy is a facilities-based provider of business retail and

wholesale telecom services that owns and maintains an extensive network in and around

the Minneapolis-St. Paul MSA.[168]     According to GeoTel, this network includes

approximately ▮▮▮▮▮▮ route miles of fiber within the MSA.[169]  Onvoy encourages

other carriers to "think outside the RBOCs"[170] by offering them a full array of data,

voice, operator services, broadband Internet access and wireless services.  Onvoy's suite

of wholesale IP services includes "Broadband Voice products for business and residential

markets, IPTV to help cable operators compete, and Dedicated Internet to transfer data at

lightning speed."[171]  On its website Onvoy further promotes its wholesale Broadband

Voice service by stating:

> Onvoy, a proven leader in IP technology, has created Broadband Voice to
> enable you to take advantage of our experience by offering VoIP service
> to your customers.  Broadband Voice is a feature-rich, turnkey solution
> that includes all essential services such as CALEA and 911, and is
> compliant with all state and federal telecom regulations.  Focused on the
> residential customer, Broadband Voice gives you increased speed to
> market by leveraging Onvoy's ongoing investment in technology,
> innovation and continuous improvements.  Broadband Voice allows you
> flexibility in packaging, and customization for your customers.[172]

Clearly, Onvoy is well positioned to provide competitive wholesale services in the

Minneapolis-St. Paul MSA.

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[168] http://www.onvoy.com/pdf/networkmap.  See Exhibit 7, Page 35.

[169] GeoTel fiber route data, October 2006.

[170] http://www.onvoy.com/sol_who.shtml.  See Exhibit 7, Page 37.

[171] http://www.onvoy.com/sol_who_ips.shtml.  See Exhibit 7, Page 38.

[172] http://www.onvoy.com/sol_who_ips_bipv.shtml.  See Exhibit 7, Page 39.

60.    As described earlier in this declaration, prior to its acquisition of Broadwing, Level 3 focused almost exclusively on the wholesale market. While the October 2006 acquisition of Broadwing expanded Level 3's presence in the retail market, it also increased the scope of Level 3's wholesale telecom service operations. Level 3 notes that "approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue."[173] Level 3 identifies its primary targeted customers as "RBOCs, major IXCs, major foreign PTTs, major ISPs and Portals, Media Companies, wireless companies, satellite companies, established CLECs, system integrators, government, academia and content providers."[174] Level 3 states that it offers five major categories of wholesale services: voice services, Softswitch, internet and data services, transport services and infrastructure services (which include collocation and dark fiber services).[175] As described earlier in this declaration, the combined Broadwing/Level 3 entity owns significant facilities in the Minneapolis-St. Paul MSA, with over ████████ fiber miles in areas served by Qwest. These facilities can be used to provide wholesale services to customers in direct competition with Qwest's wholesale UNE services.

61.    Global Crossing provides both retail and wholesale services in the Minneapolis-St. Paul MSA. Global Crossing's network map shows Minneapolis to be among the

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[173] http://www.level3.com/newsroom/pressreleases/2006/20061017.html. See Exhibit 7, Page 41.

[174] http://www.level3.com/580/html. See Exhibit 7, Page 43.

[175] *Id.*

many U.S. cities with "on net" access to its worldwide fiber network,[176] and according to GeoTel, Global Crossing has over ███████ route miles of fiber within the Minneapolis-St. Paul MSA,[177] Boasting a "backbone [that] can support anything," Global Crossing offers voice services, data services, capacity services, converged IP services, access services and collaboration services to other carriers.[178] As Global Crossing explains:

> Our customers include more than 35 percent of the Fortune 500, as well as 700 carriers, mobile operators and ISPs. Global Crossing provides them – and can provide you – a fully integrated and interoperable suite of IP and legacy services including IP VPN Service, VoIP Service and IP Video. And all of this is over our highly secure IP network, which is managed and operated end-to-end. It is a network that will not be replicated in the near future, if ever.[179]

In November 2006, Global Crossing announced that it had received Capacity Magazine's highest distinction, "Best Global Wholesale Provider," for the second consecutive year, based on its "outstanding achievements in customer service, network availability and product offerings."[180]

62. Time Warner Telecom provides both retail and wholesale services in the Minneapolis-St. Paul MSA. Time Warner Telecom's Minneapolis-St. Paul network is part of the national Time Warner Telecom network, which delivers communications services over "more than 24,000 miles of fiber networks, to businesses in 30 states and 75

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[176] http://www.globalcrossing.com/html/map05_11_05.html.  See Exhibit 7, Page 48.

[177] GeoTel fiber route data, October 2006.

[178] http://www.globalcrossing.com/carrier/carrier_landing.aspx.  See Exhibit 7, Page 49.

[179] http://www.globalcrossing.com/company/company_landing.aspx.  See Exhibit 7, Page 50.

[180] http://www.globalcrossing.com/news/2006/november/14_2.aspx.  See Exhibit 7, Page 51.

U.S. markets."[181] Time Warner Telecom provides a range of wholesale services as a "carrier's carrier," including voice services, internet and data services, switched and transport services and collocation.[182] On June 1, 2005, Time Warner Telecom announced an agreement with the merged AT&T/SBC to provide, through 2010, "Special access and other last mile network services to the companies nationwide"[183] Thus, AT&T can obtain Special Access services from a provider other than Qwest as it seeks to further expand its business presence in markets such as Minneapolis and St.Paul.

## IX.    SYSTEMS INTEGRATORS.

63.    With the increasing complexity of communications systems, large businesses are increasingly turning to "systems integrators"[184] to assess, plan and manage their telecommunications systems. Systems Integrators provide a "single point of contact" for the design and management of complex telecommunications systems that minimizes the need for businesses to perform these functions in-house. The demand for systems integrators is driven by the fact that extensive planning and management is required to create converged communications systems—blending voice, data, video, internet and wireless applications—without having to create new physical networks from scratch. Systems integrators have shown that they can compete successfully against traditional

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[181] http://twtelecom.com/about_us/networks/html. See Exhibit 7, Page 53.

[182] http://www.twtelecom.com/cust_solutions/application.html. See Exhibit 7, Page 55.

[183] Time Warner Telecom press release: *Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement*, June 1, 2005. See Exhibit 7, Page 57.

[184] Systems Integrators are also known as Managed Telecom Service Providers.

telecommunications providers such as Qwest.[185] In the enterprise business market, nearly

half of all medium and large enterprises utilize some form of managed telecom and IT

services.[186]

64.    Systems integrators such as Electronic Data Systems, Data Systems Corp, IBM,

Accenture, Northrop Grumman, New Edge Networks and Spanlink Communications are

now providing "single point of contact" telecommunications services to business

customers.  For example, New Edge provides managed telecom services to "telecom

carriers, small to midsize businesses and large corporations"[187] in many U.S. markets,

including Minneapolis-St. Paul. IBM also provides systems integration services through

its IBM Converged Communications Services division.  According to its promotional

materials, "IBM can help you design, deploy and manage an IP telephony infrastructure

that can help reduce the costs associated with managing and maintaining separate voice

and data equipment and networks, and increase the productivity of your employees."[188]

Spanlink Communications, with headquarters in Minneapolis, is a provider of "customer

interaction solutions that leverage VoIP technology."[189]  Having partnered with Cisco

Systems in the early stages of IP telephony, Spanlink now "develops and markets

customer interaction products, workforce optimization products and system management

[185] The North American managed telecom service market generated $18.6 billion in revenues in 2006 and is expected to generate $29.5 billion in 2012.  Source: North American Managed Telecom Services Markets, Study N022-63, Frost and Sullivan, 2006, Page 29.

[186] Id., Page 10.

[187] http://www.newedgenetworks.com/products/.  See Exhibit 8, Page 1.

[188] http://www-935.ibm.com/services/us/index.wss/offering/gn/a1025378.  See Exhibit 8, Page 2.

[189] http://www.spanlink.com/about/about_main.html.  See Exhibit 8, Page 3.

products that exploit the benefits of VoIP network infrastructures," resulting in "transformational business improvements in productivity, efficiency and customer satisfaction."[190] A variant of the systems integrators, "Virtual Network Operators (VNOs)," has also appeared in the enterprise business market. Virtela is a "global network solutions company" and "super integrator" that leases network capacity from other providers, while owning network intelligence hardware and software unique to its service portfolio.[191] *While acknowledging that it falls into the VNO service provider category, Virtela considers itself to be more of* "a hybrid in that it combines the best characteristics of both the VNO and a facilities based carrier, as well as those of an MSSP (Managed Security Services Provider)."[192] These examples represent just a few of the many competitive alternatives offered by systems integrators serving the medium and large enterprise business markets.

## X.   CONCLUSION.

65.    *The Minneapolis-St. Paul MSA is one of the most robustly competitive markets in* Qwest's 14 state region, with numerous intermodal and intramodal carriers now actively competing in the market. Retail customers in every Qwest wire center in the Minneapolis-St. Paul MSA now have the choice of at least one, and often many more, alternatives to Qwest's retail telecommunications services. This collection of
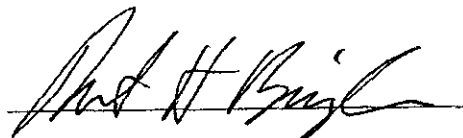
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[190] *Id.*

[191] http://www.virtela.net/. See Exhibit 8, Page 5.

[192] *Id.*

competitors ranges from traditional wireline CLECs, to cable-based telecom service providers, to wireless (narrowband and broadband) providers to VoIP providers. In addition, multiple wholesale telecom service providers now provide services to other carriers in the Minneapolis-St. Paul MSA, providing these carriers with alternatives to the purchase of Qwest UNEs and other wholesale services. Qwest's service territory in the Minneapolis-St. Paul MSA is now fully competitive, and it is clear that Qwest cannot exercise market power in view of the scope and composition of competition that now exists in that MSA.

We declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 26, 2007

Robert H. Brigham

David L. Teitzel